



STATE OF NEW MEXICO

Educational Retirement Board

701 CAMINO DE LOS MARQUEZ
SANTA FE, NEW MEXICO 87505
PO BOX 26129, SANTA FE, NEW MEXICO 87502
PHONE: (505) 827-8030
FAX: (505) 827-1855
www.nmerb.org

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Dear Editor:

The Educational Retirement Board (ERB) plays a very important role in the life of every New Mexican who works in public education. The organization is responsible for providing pensions to these public servants. During their working careers, the employees and employers make contributions to the ERB, which invests the contributions so that with the investment earnings, there will be enough money to pay the retirement benefits accrued during their working years.

As the ERB's Chairman and a board member for over 10 years, I assure you that those of us serving as ERB board members take our fiduciary duty very seriously. As a board, we are not known as alarmists; however, now is the time for important corrective action to be taken to ensure the long-term sustainability of the pensions that we provide to New Mexico's public educational employees. The longer we wait to take action, the more severe the changes will need to be.

In September, our board set aggressive goals to improve ERB's funding. Some have said that these goals are unrealistic; however, it is our duty to honor ERB's commitments to teachers, faculty and staff and be able to pay the retirement benefits that they have worked so long and hard to earn. To do anything less is irresponsible and a breach of our fiduciary duty.

In November, our board selected a proposal to present to the legislature for action in the 2012 session. The proposal was designed and presented by the New Mexico Association of Educational Retirees (NMAER), accepted by the ERB, and endorsed by the Legislature's Investments and Pension Oversight Committee. The plan includes two key features that will help the ERB on the path to solvency.

The first is a 12.5% reduction in the Cost of Living Adjustment (COLA) for all current and future retirees. Recently, at one of our meetings with stakeholders to explain why the ERB must make changes in its benefits, one retiree noted that it seemed unfair that the ERB retirees are getting COLAs almost every year while the classroom teachers haven't had raises in three years—and many of the retirees in the room concurred. It's humbling to see that the importance of shared responsibility is still felt and accepted by many.

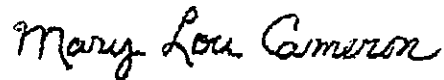
The second feature of the proposal is to establish a minimum retirement age of 55. To ensure that members close to retirement will be able to keep their plans, there will be a ten-year grandfather period in which the minimum retirement age will not be applied. Already, many of ERB's members work well past age 55.

There is no practical way to solve the problems with which we are presented without affecting every member of the education community—whether they are approaching retirement or not. A careful review of these changes show that they are indeed modest changes, especially when compared to what other retirement systems have done. However, these minor changes will have strong and positive effects within a very few years for ERB's funding.

For many years, the New Mexico legislature has wrestled with how to address ERB's long-term underfunding problem, and we've made progress in recent years. As Senator George Munoz, the chairman of the legislative Investment and Pension Oversight Committee said at a recent hearing, it's time to stop kicking this can down the road. New Mexico's educators deserve better—they should have a fully funded retirement that they can count on.

Now is the time for all of us to commit to working in partnership with the legislature to improve ERB's solvency and ensure that benefits for all of our members – retired members, active employees and future members – are secure.

Yours sincerely,

A handwritten signature in cursive script that reads "Mary Lou Cameron".

Mary Lou Cameron
Chairman Board of Trustees